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Message Text

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63
ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-03 TRSE-00 XMB-07

OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01 AGR-20 HUD-02

DRC-01 /183 W
---------- 064120
R 262110Z AUG 74
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 7857

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E.O. 11652: N/A
TAGS: EFIN, AR
SUBJEC: GELBARD DEFENDS ECONOMIC PROGRAMS

1. AUG 23, MINISTER ECONOMICS GELBARD MADE TWO IMPORTANT ADDRESSES DEFENDING ECONOMIC PROGRAM AND OUTLINING ECONOMIC PROGRESS UNDER PERONISM.

2. SPEAKING TO NATIONAL DEFENSE COLLEGE, GELBARD WARNED AGAINST TIGHT CREDIT AND BUDGET CUTS ADVOCATED BY MONETARISTS, WHICH COULD BRING ON RECESSION, AS WELL AS INFLATIONARY PRICE INCREASES AND MONETARY EXPANSION. INSTEAD, HE SAID GOA SHOULD CONTINUE TO FOLLOW POLICY OF CONTROLLING INFLATION, WHILE ALSO RECOGNIZING THAT SOME NEW INSTRUMENTS REQUIRED TO ABSORB CURRENT EXCESS KIQUIDITY. GELBARD ALSO SAID ARGENTINA SHOULD PRODUCE ADVANCE TECHNOLOGY ITEMS SUCH AS COMPUTERS, AIRCRAFT, ETC., WHICH IN STRONG WORLD DEMAND, IN ASSOCIATION WITH COUNTRIES POSSESSING SUCH TECHNOLOGY.

3. IN EVENING, GELBARD GAVE IMPORTANT TV ADDRESS TO NATION, BUILT AROUND SERIES OF CHARTS PURPORTING TO SHOW ECONOMIC PROGRESS UNDER
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PERONISM. FOLLOWING DATE OF PARTICULAR INTEREST: GDP PLUS

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6.2 PERCENT (SIX MONTH '74 COMPARED WITH SIX MONTH '73) AGRICULTURE PLUS 8.8 PERCENT INDUSTRY PLUS 6.1 PERCENT, FIXED INVESTMENT PLUS 2.1 PERCENT FIRST QUARTER, PLUS 11.4 PERCENT SECOND QUARTER OWING TO RAPID EXPANSION HOUSING PROGRAM, CONSUMPTION PLUS 7 PERCENT FOR HALF YEAR, ANNUAL PRICE INCREASE DOWN FROM 80 PERCENT MAY '73 TO CURRENT 22.6 PERCENT; UNEMPLOYMENT DOWN FROM 6.1 PERCENT IN MAY '73 TO CURRENT 4.2 PERCENT; EXPORTS TO REACH $3.6 MILLION THIS YEAR, GROSS FOREIGN EXCHANGE RESERVES CURRENTLY IN EXCESS OF $2 BILLION SHORT TERM DEBT (PRESUMABLY SWAPS) DOWN FROM $635 MILLION MAY '73 TO CURRENT $154 MILLION. GELBARD SAID THESE ARE "STATISTICS" OF PEOPLE WHICH WHOULD BE USED AGAINST PSYCHOLOGICAL ACTION OF MINORITY ON LEFT AND RIGHT WHICH OPPOSING GOVERNMENT.

COMMENT. IN ADDITION DEFENDING ECONOMIC POLICIES, GELBARD SPEECHES ALSO DESIGNED TO QUIET RISING CRITICISM THAT GOA WITHHOLDING ECONOMIC DATA. AS EXAMPLE, GOA HAS PUBLISHED NO NATIONAL ACCOUNTS FIGURES FOR 1974, AND LAST CENTRAL BANK STATISTICAL BULLETIN DATED JANUARY 1974. GELBARD'S PERFORMANCE MAY DEFUSE CRITICISM FOR A WHILE, BUT AT SAME TIME LIKELY INCREASE CREDI-BILITY GAP SINCE MANY BELIEVE DATA SIMPLY DO NOT REFLECT TRUE SITUATION.
MONTLLOR

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Message Attributes

Automatic Decaptioning: X
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Concepts: SPEECHES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740235-1193
From: BUENOS AIRES
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1974/newtext/t19740819/aaaaaptp.tel
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Previous Handling Restrictions: n/a
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Review Comment: n/a
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To: STATE
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